

PURCHASE OF ADDITIONAL CONTRIBUTIONS

A.C.A. § 24-7-406(b)(6) and A.C.A. § 24-7-406(b)(4)

DEFINITION (Amended by Act 206 of 1997 and Act 866 of 1999.)

Additional contributions mean contributions due on service rendered in a covered position but not withheld by the employer. The term also applies to the difference between the employee/employer contributions paid on the first \$7,800.00 and actual salary earned.

RULES

1. A member making contributions on the first \$7,800.00 of his/her salary may elect to change to full salary under the following conditions:
 - A. If such election is made July 1, 1984, or later, the member must pay to the System both the added member contributions and the added employer contributions that would have been paid to the System had the member's full salary always been covered, plus interest from the dates the added contributions would normally have been received by the System to the date of such actual payment:
 - i. Provided, however, that, if a member who is making contributions only on the first \$ 7,800.00 of his/her total annual salary receives a refund of contributions and subsequently returns to covered service as a noncontributory member, he/she shall be considered on full salary for reporting purposes.
 - ii. However, should the member wish to repay any refunds that include contributory service, he/she must pay the additional contributions due to change to full salary.
2. A member whose salary for reporting purposes is \$7,800.00 and who has not received a refund may elect to change, effective July 1, 1986, to the noncontributory plan and from that date be considered on full salary for reporting purposes. Additional employer contributions for that period shall not be due from the member.
3. However, if a member elects to make this change, he/she must pay the additional employee and employer contributions due on any service reported between July 1, 1969, and June 30, 1986.

4. Contributions shall be required on all salary earned in covered employment during the fiscal year in which membership begins.
5. Should the employer fail at any time to report the salary of a member and remit the contributions to the System, the System shall have the right to collect from the employee and the employer the contributions due, if any, from each, together with interest beginning with the subsequent fiscal year. In no case shall a member be given credit for service rendered until any contributions and interest due from each are paid in full. Employee contribution underpayments of less than \$25.00 will not be collected.
6. If all prior service credit is not purchased at one time, the member must purchase the most recent service first.
7. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See Rule No. 8-5 (Purchase Payment Rules).
8. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).
9. All rules pertaining to the minimum payments and payment methods are contained in the Rule No. 8-5 (Purchase Payment Rules).

Adopted: June 15, 2004

Amended: June 18, 2005

April 26, 2007